



**BOARD OF EQUALIZATION
LEGISLATIVE COMMITTEE MEETING AGENDA
HONORABLE JEROME HORTON, CHAIR
450 N STREET, SACRAMENTO, ROOM 121
JANUARY 11, 2012 10:00 AM**

----- Committee Report and Action Summary -----

I. 2012 LEGISLATIVE PROPOSALS

BUSINESS TAXES

2012 Legislative Proposals

Set forth below are suggestions for Business Taxes legislation to be sponsored by the BOE in the second year of the 2011-12 Legislative Session (see attachments).

**Suggestion
Number**

2-6
PULLED ~~Amend Revenue and Taxation Code Sections 6591, 6591.5, and 6592.5, and repeal Sections 6591.6, 7655.5, 8876.5, 12631.5, 30281.5, 32252.5, 40101.5, 41095.5, 43155.5, 45153.5, 46154.5, 50112.1, 55042.5, and 60207.5 of the Sales and Use Tax and the various special taxes and fees laws to provide for daily computation of interest on late payments of tax, fees and surcharges administered by the BOE.~~

~~Source: Honorable George Runner~~

~~Revenue Impact: Estimated annual state and local revenue loss is \$4.9 million~~

COMMITTEE RECOMMENDATION:

2-7 Amend Government Code Section 15620.5 to extend the authorization for the BOE to adopt a uniform policy to ensure voluntary compliance with the due dates prescribed by law for a submission of a remittance, claim for credit or refund, document, return, or other information to the BOE, to include electronic transmissions.

Source: Honorable George Runner

Revenue Impact: Estimated annual state and local revenue loss is \$3.7 million.

COMMITTEE RECOMMENDATION: Adopt, as amended to provide BOE with authority to adopt a policy for EFT only. (4-0)

**Suggestion
Number**

2-8

Amend Revenue and Taxation Code Section 6561 of the Sales and Use Tax Law, and pertinent sections of the special taxes and fees laws, to extend the limitation period for filing a petition for redetermination from 30 days to 90 days from the date that the notice of determination was mailed to the person against which the notice was issued.

Source: Honorable George Runner

Revenue Impact: Indeterminable but the loss of revenue due to later payments of final tax determinations would be offset by additional accrued interest.

COMMITTEE RECOMMENDATION: Adopt, as amended to 60 days instead of 90 days. (5-0)

BUSINESS TAXES SALES AND USE TAXES

2012 Legislative Proposals

Set forth below are suggestions for Sales and Use Taxes legislation to be sponsored by the BOE in the second year of the 2011-12 Legislative Session (see attachments).

Suggestion Number

[3-3](#) Amend Revenue and Taxation Code Section 6452.1 of the Sales and Use Tax Law to (1) *require* California purchasers incurring a use tax liability that do not hold a permit or license with the BOE to report use tax on their income tax return if they failed to report the tax to the BOE, and (2) specify that payments of use tax on the return shall be applied first as use tax.

Source: Sales and Use Tax Department

Revenue Impact: Estimated \$5 million annual state and local revenue increase (\$3 million General Fund).

COMMITTEE RECOMMENDATION: ADOPT (4-1)

[3-9](#) ~~Amend Revenue and Taxation Code Section 6225 of the Sales and Use Tax Law to increase the gross receipts threshold for qualified purchasers to \$500,000 annually, and allow qualified purchasers meeting or exceeding this new threshold to use a "look-up" table to satisfy their tax liabilities.~~

PULLED

~~Source: Honorable George Runner~~

~~Revenue Impact: Estimated \$2.3 million annual state and local revenue loss. Estimated administrative cost savings is pending.~~

~~**COMMITTEE RECOMMENDATION:**~~

[3-10](#) Add Revenue and Taxation Code Section 6092.5 to the Sales and Use Tax Law to provide that every person selling a vehicle at auction may not accept a resale certificate from a purchaser who is not a licensed dealer, dismantler, auto repair dealer or scrap metal processor.

Source: Sales and Use Tax Department

Revenue Impact: Estimated \$67 million annual state and local revenue increase.

COMMITTEE RECOMMENDATION: ADOPT (5-0)

**BUSINESS TAXES
SPECIAL TAXES AND FEES
2012 Legislative Proposals**

Set forth below are suggestions for Special Taxes and Fees legislation to be sponsored by the BOE in the second year of the 2011-12 Legislative Session (see attachments).

**Suggestion
Number**

[4-2](#)

Amend Revenue and Taxation Code Sections 7360, 8651, and 60050 of the Motor Vehicle Fuel Tax Law, Use Fuel Tax Law, and Diesel Fuel Tax Law, respectively, to make technical and administrative changes related to changes in the fuel tax rates when triggered by a reduction or elimination of the federal fuel taxes. (Housekeeping)

Source: Property and Special Taxes Department

Revenue Impact: None.

COMMITTEE RECOMMENDATION: Adopt, as amended with clarifying language. (5-0)

ADMINISTRATION

Set forth below are suggestions for Administrative legislation to be sponsored by the BOE in the second year of the 2011-12 Legislative Session (see attachments).

Suggestion Number

[5-1](#)

Add Government Code Section 1232 to provide the BOE with continuous appropriation authority from the General Fund to pay its vendors for expenditures for which payment is due after July 1 of each fiscal year and when no State Budget has been enacted.

Source: Honorable George Runner

Revenue Impact: In FY 2009-10, the BOE paid \$64,159 in late payment penalties.

COMMITTEE RECOMMENDATION: Failed (2-3)

[5-2](#)

Add Part 12.5 (commencing with Section 15920) to Division 3 of the Government Code to create the Centralized Intelligence Partnership, a multiagency effort to combat the Underground Economy by institutionalizing collaboration among state agencies through a centralized and collaborative analysis process.

Source: Investigations and Special Operations Division

Revenue Impact: Indeterminable but would be based on level of participation and collaboration.

COMMITTEE RECOMMENDATION: Adopt the concept and amend the proposed language:

(1) To create a Centralized Intelligence Partnership to combat the Underground Economy, which is authorized to:

- **Provide for a centralized intake center for the collection, review, and analysis of information related to complaints, prosecutions, and arrests pertaining to illegal underground operations, and**
- **Require participating agencies to share pertinent information and data with each other.**

(2) To develop legislative intent language to provide the details related to the governance and staffing needs of the Partnership.

(4-0)

II. Governor's Tax Initiative

~~Discussion Item Only~~ — **POSTPONED**

**BOARD OF EQUALIZATION
BOARD COMMITTEE ON LEGISLATION
January 11, 2012**

Attending: Honorable Jerome Horton, Chair - Honorable Betty T. Yee, , Honorable Michelle Steel, and Marcy Jo Mandel

<u>Suggestion No.</u>	<u>Horton</u>	<u>Yee</u>	<u>Runner</u>	<u>Steel</u>	<u>Chiang/ Mandel</u>	<u>Committee Recommendation</u>
BUSINESS TAXES						
2-6	PULLED					
2-7	Y	Y	Y	Y	ABSTAIN	Adopt, as amended to provide BOE with authority to adopt a policy for EFT only. (4-0)
2-8	Y	Y	Y	Y	Y	Adopt, as amended to 60 days instead of 90 days. (5-0)

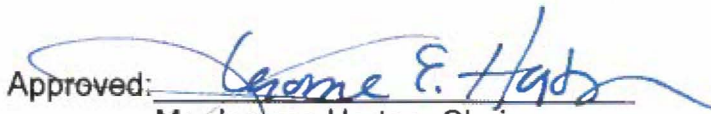
<u>Suggestion No.</u>	<u>Horton</u>	<u>Yee</u>	<u>Runner</u>	<u>Steel</u>	<u>Chiang/Mandel</u>	<u>Committee Recommendation</u>
BUSINESS TAXES SALES AND USE TAXES						
3-3	Y	Y	Y	N	Y	ADOPT (4-1)
3-9	PULLED					
3-10	Y	Y	Y	Y	Y	ADOPT (5-0)
BUSINESS TAXES SPECIAL TAXES AND FEES						
4-2	Y	Y	Y	Y	Y	Adopt, as amended with clarifying language. (5-0)
ADMINISTRATION						
5-1	N	N	Y	Y	N	Failed (2-3)

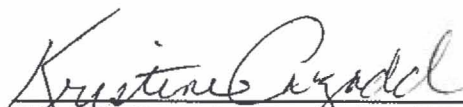
5-2	Y	Y	Abstain	Y	Y	<p>COMMITTEE RECOMMENDATION: Adopt the concept and amend the proposed language:</p> <p>(3) To create a Centralized Intelligence Partnership to combat the Underground Economy, which is authorized to:</p> <ul style="list-style-type: none"> • Provide for a centralized intake center for the collection, review, and analysis of information related to complaints, prosecutions, and arrests pertaining to illegal underground operations, and • Require participating agencies to share pertinent information and data with each other. <p>(4) To develop legislative intent language to provide the details related to the governance and staffing needs of the Partnership.</p> <p>(4-0)</p>
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Governor's Tax Initiative


Discussion Item Only

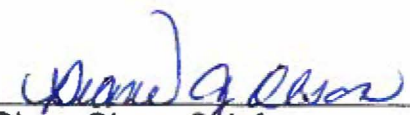
POSTPONED

Approved: 
Mr. Jerome Horton, Chair
Board Member
Board Legislative Committee


Kristine Cazadd, Executive Director

BOARD APPROVED


at the February 2, 2012 Board Meeting


Diane Olson, Chief
Board Proceedings Division